Our material issues across the value chain

Our 17 material issues have been organised under our five Creating Shared Value categories. Each issue is made up of sub-issues. Please select a material issue from the table to learn more about the sub-issues.

The results continue to emphasise the priority of the issues of over- and undernutrition and water stewardship, and the primacy of food safety for our business. They reflect acute and global stakeholder concern over the issues of climate change, natural capital and human rights. They also indicate our growing understanding of the potential business impacts on the supply chain for a number of issues, including climate change, animal welfare, food waste, natural capital and human rights.

The table below provides a synthesis of the value chain analysis for each material issue. It should be considered in conjunction with the overall materiality matrix.

<table>
<thead>
<tr>
<th>Materiality Issue</th>
<th>Value Chain</th>
<th>KEY:</th>
<th>Moderate</th>
<th>Significant</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nestlé</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tier 1 suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retail/business channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Overnutrition and undernutrition**

Supporting optimal nutrition, health and wellness through the life course. Helping to address over-nutrition, under-nutrition, related micronutrient deficiencies, conditions such as overweight and obesity, and non-communicable or non-contagious diseases (NCDs) through portfolio transformation, product and service development and renovation, and popularly positioned products.

- Maternal, infant and young child nutrition (MIYCN)
- Micronutrient deficiencies
- NCDs
- Obesity
- Overweight
- Stunting
- Underweight

**Food and nutrition security**

Contributing to the availability of and affordable access to sufficient, safe, nutritious food.

- Affordability

**Responsible marketing and influence**

Marketing in ways that are appropriate to consumer audiences and shaping consumer behaviour to promote better health and environmental outcomes.

- Foster environmentally friendly behaviours
- Foster healthy behaviours
- Infant formula marketing
- Product labelling
- Responsible marketing to children

**Food and product safety**

Ensuring a high-quality product and preventing health risks arising from use, consumption, handling, preparation and storage throughout the value chain.

- Additives, preservatives, artificial ingredients
- Chemical safety
- Food safety
- Product authenticity
<table>
<thead>
<tr>
<th>Materiality Issue</th>
<th>Value Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rural development and poverty alleviation</strong></td>
<td>Agriculture</td>
</tr>
<tr>
<td>Directly and indirectly promoting stable economic activity and improving livelihoods of agricultural farmers and workers in the supply chain to promote sustainable agricultural communities and alleviate poverty.</td>
<td>●</td>
</tr>
<tr>
<td>• Land tenure security</td>
<td>●</td>
</tr>
<tr>
<td>• Rural living wage</td>
<td>●</td>
</tr>
<tr>
<td><strong>Responsible sourcing and traceability</strong></td>
<td>●</td>
</tr>
<tr>
<td>Ensuring that key ingredients have been grown and processed responsibly and can be traced back to origin where possible.</td>
<td>●</td>
</tr>
<tr>
<td><strong>Animal welfare</strong></td>
<td>●</td>
</tr>
<tr>
<td>Safeguarding the well-being of animals in the supply chain and promoting animal health and wellness.</td>
<td>●</td>
</tr>
<tr>
<td>• Animal testing</td>
<td>●</td>
</tr>
<tr>
<td>• Antimicrobial resistance</td>
<td>●</td>
</tr>
<tr>
<td><strong>Women’s empowerment(^1)</strong></td>
<td>●</td>
</tr>
<tr>
<td>Empowering women to participate fully in society and the economy across the value chain.</td>
<td>●</td>
</tr>
<tr>
<td>• Women farmers</td>
<td>●</td>
</tr>
<tr>
<td><strong>Water stewardship</strong></td>
<td>●</td>
</tr>
<tr>
<td>Implementing the actions, individually and/or collectively, needed for the sustainable management of shared water resources.</td>
<td>●</td>
</tr>
<tr>
<td>• Bottled water</td>
<td>●</td>
</tr>
<tr>
<td>• Water quality</td>
<td>●</td>
</tr>
<tr>
<td>• Water security</td>
<td>●</td>
</tr>
<tr>
<td>• Water use</td>
<td>●</td>
</tr>
<tr>
<td><strong>Water, sanitation and hygiene</strong></td>
<td>●</td>
</tr>
<tr>
<td>Improving access to safe water and sanitation, and appropriate facilities to ensure personal hygiene, across our value chain.</td>
<td>●</td>
</tr>
</tbody>
</table>

\(^{1}\) These issues have sub-issues that are shared across Rural development and Our people.
### Materiality Issue

#### Resource efficiency, (food) waste and the circular economy

Reducing the direct and indirect use of resources, reducing waste and optimising opportunities for recovery, reuse or recycling of by-products and disposing of waste appropriately.

- Circular and bio-economy
- Energy consumption
- Food loss and waste
- Land use
- Littering
- Manufacturing environmental impacts
- Marine plastic debris
- Packaging
- Transport and distribution

#### Climate change

Reducing GHG emissions and contributing to the mitigation of, and adaptation to, the effects of climate change.

- Climate change adaptation
- Climate change mitigation
- Advocacy on climate policy

#### Natural resource stewardship

Identifying and preserving natural resources and ecosystem services.

- Biodiversity
- Deforestation
- Soil fertility

#### Business ethics

Upholding ethical principles in the business and workplace.

- Data privacy and protection
- Executive compensation
- Fair taxation
- Governance and transparency
- Fraud, bribery and corruption

#### Human rights

Respecting human rights in our business activities, operations and supply chains.

- Child labour
- Labour rights in our operations*
- Forced labour in the upstream supply chain

* Issue is covered in the chapter on Our people
Materiality Issue | Value Chain
---|---
Employee safety, health and wellness | Agriculture Tier 1 suppliers Nestlé Retail/business channels Consumers
Targeting zero accidents in the workplace, promoting safe and healthy employee behaviours, and helping employees make more informed decisions to achieve and maintain a healthy lifestyle.

Women’s empowerment1
Empowering women to participate fully in society and the economy across the value chain, in the workplace, marketplace, and community.

- Women farmers

Fair employment and youth employability
Developing Nestlé’s human capital, including maintaining positive relations with employees, promoting positive working conditions and youth employment.

- Employee benefits, remuneration, attraction, retention
- Employee diversity
- Employee engagement
- Employee training and learning
- Job creation and youth employment

Using our materiality assessment

We use the materiality assessment to refine commitments and identify areas for improvement. It is used by our Issues Round Table (which includes a member of the Executive Board), as well as by our markets and the corporate Risk Management team. The contents help us select the information contained in this report, providing data that responds to stakeholder needs.

Our analysis concluded that all of the issues have a significant relationship to our business success. Some are essential for protecting and growing our revenues. Others have significant influence on our cost structure, supply chain and risk. While many can impact our reputation among customers and important stakeholders, this is somewhat intangible to measure, but nevertheless key to our success. In general terms, if we manage these issues poorly, it exposes us to risks, but if managed well, we can turn them into commercial opportunities.

1 These issues have sub-issues that are shared across Rural development and Our people.